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TO: Docket Control
Arizona Corporation CommissionFROM: *Ray T. Williamson*
Ray T. Williamson
Acting Director
Utilities Division

Arizona Corporation Commission

DOCKETED

MAY 13 1998

DATE: May 7, 1998

DOCKETED BY

*[Signature]*RE: IN THE MATTER OF THE APPLICATION OF VERNON S. SCHWEIGERT,
TRUSTEE IN BANKRUPTCY, FOR AN OPINION AND ORDER (i)
APPROVING SALE OF ASSETS OF LOGAN HILLS WATER COMPANY AND
(ii) TRANSFERRING RELATED CERTIFICATE OF CONVENIENCE AND
NECESSITY, DOCKET NOS. W-01666A-98-0122 AND W-03529A-98-0122IN THE MATTER OF THE APPLICATION OF LOGAN HILLS WATER, L.L.C.,
AN ARIZONA LIMITED LIABILITY COMPANY, FOR AN ORDER (i)
EXTINGUISHING THE CERTIFICATE OF CONVENIENCE AND NECESSITY
AND (ii) ORDERLY DISPOSING OF THE REMAINING PUBLIC SERVICE
OBLIGATIONS OF LOGAN HILLS WATER COMPANY, DOCKET NO. W-
03529A-98-0123

Attached is the Staff Report for the above-referenced applications. Staff recommends that the applications referenced above be consolidated.

Staff further recommends approval of the consolidated applications for the sale of assets and cancellation of the Certificate of Convenience and Necessity.

Staff further recommends that the consolidated applications be considered without a hearing.

Originator: Patrick Williams

Attachment: Original and Eleven Copies

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF VERNON S. SCHWEIGERT, TRUSTEE IN
BANKRUPTCY, FOR AN OPINION AND ORDER (i) APPROVING SALE OF ASSETS OF
LOGAN HILLS WATER COMPANY AND (ii) TRANSFERRING RELATED CERTIFICATE
OF CONVENIENCE AND NECESSITY
DOCKET NOS. W-01666A-98-0122 AND W-03529A-98-0122

IN THE MATTER OF THE APPLICATION OF LOGAN HILLS WATER, L.L.C., AN
ARIZONA LIMITED LIABILITY COMPANY, FOR AN ORDER (i) EXTINGUISHING THE
CERTIFICATE OF CONVENIENCE AND NECESSITY AND (ii) ORDERLY
DISPOSING OF THE REMAINING PUBLIC SERVICE OBLIGATIONS
OF LOGAN HILLS WATER COMPANY
DOCKET NO. W-03529A-98-0123

MAY 1998

STAFF ACKNOWLEDGEMENT

The Staff member/s designated below contributed elements of this Staff Report.

CONTRIBUTING STAFF MEMBER/S:

A handwritten signature in black ink, appearing to read "Patrick C. Williams", is written over a horizontal line.

Patrick C. Williams
Consumer Service Supervisor

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Introduction:

On March 14, 1998, the trustee in bankruptcy for WGI, Inc.¹, dba Logan Hills Water Company (WGI), and Logan Hills Water, L.L.C. (LHW) filed a joint application for approval of the sale of assets and transfer of the Certificate of Convenience and Necessity (Certificate) from WGI to LHW.

On March 14, 1998, LHW filed an application for approval of the sale of assets and cancellation of its Certificate.

Background and Staff Analysis:

WGI provides water service to approximately 39 customers in an area located northwest of the City of Tucson.

On August 17, 1988 (Decision No. 56091), WGI acquired the assets of the company from Kaye and Dorothy Dunbar, dba Logan Hills Water Company.

In 1990, WGI began a bankruptcy proceeding. On January 28, 1998, the trustee in the bankruptcy entered into an "Agreement for Purchase and Sale of Business Assets of Logan Hills Water Company" (Agreement) with Tucson Mountain Associates. Subsequently, LHW succeeded to the interest of Tucson Mountain Associates by an Addendum to the Agreement. LHW has agreed to sell the assets that it is acquiring from WGI to the City of Tucson.

On May 6, 1998, the attorney for the Applicants filed a letter indicating that customer security deposits will be refunded to the customers prior to closing of the transaction.

Recommendation/s:

Staff recommends that the applications referenced above be consolidated.

Staff further recommends approval of the consolidated applications for the sale of assets and cancellation of the Certificate of Convenience and Necessity.

Staff further recommends that the consolidated applications be considered without a hearing.

¹ WGI, Inc.'s corporate name was changed from Wolfswinkel Group, Inc. as it appeared in Decision No. 56091.